

CITY OF EUDORA, KANSAS

Financial Statements

For the Year Ended December 31, 2017

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CITY OF EUDORA, KANSAS
Financial Statements
For the Year Ended December 31, 2017

Table of Contents

	<u>Page Number</u>
 <u>INTRODUCTORY SECTION</u>	
Table of Contents	i
 <u>FINANCIAL STATEMENTS SECTION</u>	
Independent Auditor's Report	1 - 2
Summary Statement of Receipts, Expenditures and Unencumbered Cash	3
Notes to the Financial Statements	4 - 10
 <u>REGULATORY REQUIRED SUPPLEMENTARY INFORMATION</u>	
 SCHEDULE 1	
Summary of Expenditures - Actual and Budget	11
 SCHEDULE 2	
Schedule of Receipts and Expenditures - Actual and Budget or Actual Only	
General Fund	12
Special Street Maintenance Fund	13
Capital Improvement Fund	14
Special Park Fees Fund	15
Public Assistance Fund	16
Hamlin Scholarship Fund	17
Equipment Reserve Fund	18
Energy Management Grant Fund	19
Efficiency Kansas Loan Program Fund	20
Bond and Interest Fund	21
Water Meter Project Fund	22
Water Utility Fund	23
Sewer Utility Fund	24
Electric Utility Fund	25
Refuse Utility Fund	26
Storm Drainage Utility Fund	27
 SCHEDULE 3	
Summary of Receipts and Disbursements - Agency Funds	28

INDEPENDENT AUDITOR'S REPORT

Mayor and City Commission
City of Eudora, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Eudora, Kansas (the City), as of and for the year ended December 31, 2017 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the City on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2017, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2017, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, the individual fund schedules of regulatory basis receipts and expenditures-actual and budget and the summary of regulatory basis receipts and disbursements-agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Mix Houser & Company PA

Certified Public Accountants

April 5, 2018
Lawrence, KS

CITY OF EUDORA, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2017

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Cancelled Encumbrances</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add: Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
General Fund	\$ 1,521,475	\$ -	\$ 3,917,354	\$ 3,946,859	\$ 1,491,970	\$ 58,749	\$ 1,550,719
Special Purpose Funds:							
Special Street Maintenance	227,609	-	292,748	240,220	280,137	-	280,137
Capital Improvement	655,869	-	579,878	675,239	560,508	104,752	665,260
Special Park Fees	9,301	-	13,832	6,094	17,039	-	17,039
Public Assistance	194	-	-	194	-	499	499
Hamlin Scholarship	1,150	-	5	-	1,155	-	1,155
Equipment Reserve	6,483	-	37,972	3,899	40,556	-	40,556
Energy Management Grant	207	-	-	-	207	-	207
Efficiency Kansas Loan Program	291	-	85	-	376	-	376
Bond and Interest Fund:							
Bond and Interest	150,094	-	514,783	490,001	174,876	-	174,876
Capital Project Fund:							
Water Meter Project	269,123	-	263	269,386	-	-	-
Business Funds:							
Water Utility	214,357	-	1,105,725	1,092,177	227,905	28,784	256,689
Sewer Utility	722,786	-	1,170,088	1,298,889	593,985	61,427	655,412
Electric Utility	2,132,399	-	5,013,614	5,388,860	1,757,153	328,077	2,085,230
Refuse Utility	149,155	-	421,031	331,975	238,211	25,365	263,576
Storm Drainage Utility	58,719	-	69,538	84,482	43,775	1,605	45,380
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 6,119,212</u>	<u>\$ -</u>	<u>\$ 13,136,916</u>	<u>\$ 13,828,275</u>	<u>\$ 5,427,853</u>	<u>\$ 609,258</u>	<u>\$ 6,037,111</u>

Composition of Cash:

Kaw Valley Bank	Demand Account	\$ 4,434,649
	Time Deposit	1,319,726
	Municipal Court	20,507
	Total Kaw Valley Bank	<u>5,774,882</u>
Mutual Savings Association	Time Deposit	152,115
	Savings	35,893
	Total Mutual Savings Association	<u>188,008</u>
Central Bank of the Midwest	Time Deposit	<u>110,000</u>
	Total Central Bank of the Midwest	<u>110,000</u>
	Total Cash	6,072,890
	Less: Agency Funds (Schedule 3)	<u>[35,779]</u>
	Total Reporting Entity (Excluding Agency Funds)	<u>\$ 6,037,111</u>

CITY OF EUDORA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 1 - Summary of Significant Accounting Policies

Municipal Financial Reporting Entity

The City of Eudora, Kansas (the City) is a municipal corporation governed by a five-member commission. These financial statements present the City and any related municipal entities for which the City is considered to be financially accountable. The City has no related municipal entities.

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The *Kansas Municipal Audit and Accounting Guide* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

Regulatory Basis Fund Types

The following types of funds comprise the financial activities of the City for the year ended December 31, 2017:

General Fund - the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Fund - used to account for the proceeds of specific tax levies and other specific regulatory receipts sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest Fund - used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital Projects Fund - used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business Fund - funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund, etc.)

Agency Fund - funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

CITY OF EUDORA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The budget for the year ended December 31, 2017 was not amended.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which, regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, and the following special purpose funds: Capital Improvement, Special Park Fees, Public Assistance, Hamlin Scholarship, Equipment Reserve, Energy Management Grant and Efficiency Kansas Loan Program.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

NOTE 2 - Deposits

Deposits. K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

Investments. K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

CITY OF EUDORA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 2 - Deposits (Continued)

As of December 31, 2017, the City had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturity</u>	<u>Rating</u>
		<u>Less than 1 year</u>	
Certificates of Deposit	\$ 1,581,841	\$ 1,581,841	NA
Total fair value	\$ 1,581,841	\$ 1,581,841	

Concentration of credit risk. State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City has no designated "peak periods". All deposits were legally secured at December 31, 2017.

At December 31, 2017, the City's carrying amount of deposits was \$6,072,890 and the bank balance was \$6,218,143. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$548,009 was covered by federal depository insurance and the balance of \$5,670,134 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

NOTE 3 - Defined Benefit Pension Plan

Plan description - The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, KPERS 3 and KP&F be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate with a 0% moratorium for the period of January 1, 2017 through September 30, 2017 for the Death and Disability Program) and the statutory contribution rate was 8.46% for KPERS and 19.03% for KP&F for the fiscal year ended December 31, 2017. Contributions to the pension plan from the City were \$145,912 for KPERS and \$127,125 for KP&F for the year ended December 31, 2017.

CITY OF EUDORA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 3 - Defined Benefit Pension Plan (Continued)

Net Pension Liability. At December 31, 2017, the City's proportionate share of the collective net pension liability reported by KPERS was \$1,347,136 and \$1,144,498 for KP&F. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publically available on the website at www.kpers.org or can be obtained as described above.

NOTE 4 - Long-Term Debt

General Obligation Bonds. The City issues General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities. General Obligation Bonds have been issued for both general government and business activities. These bonds are reported in the business funds if they are expected to be repaid from business fund receipts. In addition, general obligation bonds have been issued to refund both general obligation and revenue bonds.

General Obligation Bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued with equal amounts of principal maturing each year. General Obligation Bonds currently outstanding are as follows:

Purpose	Issuance Date	Maturity Date	Interest Rate	Original Amount	Balance December 31, 2017
Paid for by taxes:					
General Obligation Improvement Bonds, Series 2012-A	9/1/2012	9/1/2032	2.00-3.00%	\$ 2,840,000	\$ 2,225,000
General Obligation Refunding Bonds, Series 2013-A	2/14/2013	9/1/2026	2.00-2.125%	3,180,000	2,130,000
Paid for by revenues:					
General Obligation Bonds, Series 2010-A	10/1/2010	9/1/2030	3.25-5.00%	300,000	215,000
General Obligation Refunding Bonds, Series 2013-B	6/26/2013	9/1/2028	2.00-3.125%	2,290,000	1,770,000
General Obligation, Series 2016-A	9/15/2016	9/1/2031	2.50-2.00%	1,410,000	1,315,000
				<u>\$ 10,020,000</u>	<u>\$ 7,655,000</u>

Annual debt service requirements to maturity for the general obligation bonds are as follows:

Year Ending December 31,	Governmental Funds	Business Funds
2018	\$ 595,476	\$ 215,194
2019	600,976	211,906
2020	586,176	213,606
2021	551,476	213,656
2022	542,801	213,556
2023 - 2027	2,456,290	1,070,631
2028 - 2032	<u>1,210,620</u>	<u>256,781</u>
Total principal and interest	6,543,815	2,395,330
Less: Interest	<u>[873,815]</u>	<u>[410,330]</u>
Total principal	<u>\$ 5,670,000</u>	<u>\$ 1,985,000</u>

CITY OF EUDORA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 4 - Long-Term Debt (Continued)

State Agency Loans. The City has also obtained two loans from the State of Kansas (KDHE) to finance costs of water and sewer improvements. The first loan agreement provides for a maximum principal of \$2,767,450 which includes \$2,098 of capitalized interest and loan service fees. The loan carries a gross interest rate of 2.57% and is payable in semi-annual installments beginning September 1, 2008 and ending March 1, 2028. Beginning September 1, 2014, the semi-annual installments are \$100,701 through March 1, 2028. Prior to September 1, 2014, the semi-annual installments varied between \$32,691 and \$91,455. The second loan agreement provides for a maximum principal of \$601,309 which includes 1,503 of capitalized interest and loan service fees. The loan carries a gross interest rate of 2.33% and is payable in semi-annual installments beginning August 1, 2018 and ending February 1, 2038. The full proceeds from the second loan had not been drawn down by the City as of December 31, 2017. The loans outstanding at year end are as follows:

Purpose	Issuance Date	Maturity Date	Interest Rate	Original Amount	Balance December 31, 2017
Water and Sewer - KDHE loan, 2005	8/2/2005	3/1/2028	2.57%	\$ 2,767,450	\$ 1,842,946
Water - KDHE loan, 2017	5/10/2017	2/1/2038	2.33%	755,690	49,485
				<u>\$ 3,523,140</u>	<u>\$ 1,892,431</u>

Annual debt service requirements to maturity on the KDHE loans for the full proceeds amounts are as follows:

<u>Year Ending December 31,</u>	
2018	\$ 220,295
2019	239,187
2020	239,187
2021	239,187
2022	239,187
2023 - 2027	1,195,934
2028 - 2032	289,624
2033 - 2037	188,923
2038	<u>18,892</u>
Total principal, interest, and service fees	2,870,416
Less: Interest and service fees	<u>[426,161]</u>
Total principal	<u>\$ 2,444,255</u>

Temporary Notes. A \$950,000 general obligation temporary note was issued on September 29, 2015 for economic development.

Annual debt service requirements to maturity on the temporary note is as follows:

<u>Year Ending December 31,</u>	
2018	\$ 21,375
2019	<u>971,375</u>
Total principal and interest	992,750
Less: Interest	<u>[42,750]</u>
Total principal	<u>\$ 950,000</u>

CITY OF EUDORA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 4 - Long-Term Debt (Continued)

Changes in Long-term Debt. During the year ended December 31, 2017, the following changes occurred in long-term liabilities:

	Balance January 1, 2017	Additions	Retirements	Refunding	Balance December 31, 2017	Interest Paid
Paid for by taxes:						
General obligation debt -						
Governmental funds	\$ 6,130,000	\$ -	\$ 460,000	\$ -	\$ 5,670,000	\$128,663
Temporary notes	950,000	-	-	-	950,000	21,375
Paid for by revenues:						
General obligation debt -						
Enterprise funds	2,205,000	-	220,000	-	1,985,000	64,606
State agency loans	1,994,047	49,485	151,101	-	1,892,431	50,282
Totals	<u>\$ 11,279,047</u>	<u>\$ 49,485</u>	<u>\$ 831,101</u>	<u>\$ -</u>	<u>\$ 10,497,431</u>	<u>\$ 264,926</u>

NOTE 5 - Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation pay benefits. Accumulated vacation carries over to the following year and will be paid upon termination or retirement. This liability for the years ending December 31, 2017 and 2016 totaled \$162,141 and \$147,853, respectively.

NOTE 6 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for risks of loss with the exception of certain losses from damage to or destruction of the electrical distribution system, including related lost income. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 7 - Capital Leases of Equipment

The City has entered into lease agreements as lessee for financing the acquisition of equipment.

During the year ended December 31, 2017, the following changes occurred in capital leases:

	Balance January 1, 2017	Additions	Retirements	Balance December 31, 2017	Interest Paid
Capital lease obligations -					
Governmental funds	\$ 34,633	\$ -	\$ 25,723	\$ 8,910	\$ 1,905
Business funds	1,553,412	-	123,634	1,429,778	35,535
Totals	<u>\$ 1,588,045</u>	<u>\$ -</u>	<u>\$ 149,357</u>	<u>\$ 1,438,688</u>	<u>\$ 37,440</u>

CITY OF EUDORA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 7 - Capital Leases of Equipment (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2017, are as follows:

Year Ending December 31,	Governmental Funds	Business Funds
2018	\$ 9,400	\$ 159,170
2019	-	127,639
2020	-	127,639
2021	-	127,639
2022	-	127,639
2023-2027	-	638,197
2028-2030	-	382,917
Less: amount representing interest	[490]	[261,062]
Present value of minimum lease payments	<u>\$ 8,910</u>	<u>\$ 1,429,778</u>

NOTE 8 - Interfund Transfers

A reconciliation of all transfers for 2017 follows:

	Transfers <u>In</u>	Transfers <u>Out</u>	<u>Regulatory Authority</u>
General Fund	\$ 787,243	\$ 162,000	KSA 12-825d, KSA 12-1,118
Capital Improvement Fund	220,278	-	KSA 12-825d, KSA 12-1,118
Special Street Maintenance Fund	40,000	36,000	KSA 12-1,118
Sewer Utility Fund	-	104,759	KSA 12-825d
Electric Utility Fund	-	704,762	KSA 12-825d
Electric Utility Fund	-	40,000	KSA 12-825d
Total	<u>\$ 1,047,521</u>	<u>\$ 1,047,521</u>	

NOTE 9 - Other Post Employment Benefits

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

NOTE 10 - Subsequent Event

On March 1, 2018, the City entered into a capital lease agreement in the amount of \$98,500 for the purchase of an excavator. The lease has an interest rate of 3.75% and the City will be obligated to make annual payments of \$26,025 from March 1, 2018 to March 1, 2021.

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CITY OF EUDORA, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Positive [Negative]</u>
General Fund	\$ 5,051,379	\$ -	\$ 5,051,379	\$ 3,946,859	\$ 1,104,520
Special Purpose Funds:					
Special Street Maintenance	406,464	-	406,464	240,220	166,244
Bond and Interest Fund:					
Bond and Interest	539,002	-	539,002	490,001	49,001
Business Funds:					
Water Utility	1,371,479	-	1,371,479	1,092,177	279,302
Sewer Utility	1,561,991	-	1,561,991	1,298,889	263,102
Electric Utility	7,089,597	-	7,089,597	5,388,860	1,700,737
Refuse Utility	501,542	-	501,542	331,975	169,567
Storm Drainage Utility	131,520	-	131,520	84,482	47,038

SCHEDULE 2-1

CITY OF EUDORA, KANSAS
 General Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2017

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Taxes	\$ 2,445,788	\$ 2,332,243	\$ 113,545
Franchise tax	119,482	146,130	[26,648]
Licenses	70,214	-	70,214
Recreation and aquatic center fees	283,513	280,700	2,813
Fines and fees	83,974	139,600	[55,626]
Interest	9,650	6,500	3,150
Use of property	39,329	-	39,329
Charges for services	932	-	932
Transfers in	787,243	857,520	[70,277]
Grant proceeds	1,800	-	1,800
Miscellaneous	<u>75,429</u>	<u>38,700</u>	<u>36,729</u>
Total Receipts	<u>3,917,354</u>	<u>\$ 3,801,393</u>	<u>\$ 115,961</u>
Expenditures			
General Government	764,316	\$ 1,727,426	\$ 963,110
Planning and Zoning	217,546	273,169	55,623
Streets and Cemetery	335,939	346,520	10,581
Fire/EMS Department	430,150	477,240	47,090
Parks	58,344	57,286	[1,058]
Police Department/Municipal Court	1,323,378	1,404,358	80,980
Recreation	655,186	603,380	[51,806]
Transfer Out	<u>162,000</u>	<u>162,000</u>	<u>-</u>
Total Expenditures	<u>3,946,859</u>	<u>\$ 5,051,379</u>	<u>\$ 1,104,520</u>
Receipts Over [Under] Expenditures	[29,505]		
Unencumbered Cash, Beginning	<u>1,521,475</u>		
Unencumbered Cash, Ending	<u>\$ 1,491,970</u>		

See independent auditor's report on the financial statements.

CITY OF EUDORA, KANSAS
Special Street Maintenance Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Taxes	\$ 170,066	\$ 165,500	\$ 4,566
Intergovernmental	13,851	16,400	[2,549]
Federal aid	63,581	-	63,581
Miscellaneous	5,250	2,500	2,750
Transfers in	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Total Receipts	<u>292,748</u>	<u>\$ 184,400</u>	<u>\$ 108,348</u>
Expenditures			
Commodities	36,580	\$ 84,000	\$ 47,420
Capital outlay	167,640	312,464	144,824
Contractual	-	10,000	10,000
Transfer out	<u>36,000</u>	<u>-</u>	<u>[36,000]</u>
Total Expenditures	<u>240,220</u>	<u>\$ 406,464</u>	<u>\$ 166,244</u>
Receipts Over [Under] Expenditures	52,528		
Unencumbered Cash, Beginning	<u>227,609</u>		
Unencumbered Cash, Ending	<u>\$ 280,137</u>		

See independent auditor's report on the financial statements.

SCHEDULE 2-3

CITY OF EUDORA, KANSAS
Capital Improvement Fund
Schedule of Receipts and Expenditures - Actual*
Regulatory Basis
For the Year Ended December 31, 2017

Receipts	
Taxes	\$ 311,618
Land proceeds	47,982
Transfers in	<u>220,278</u>
Total Receipts	<u>579,878</u>
Expenditures	
Capital outlay	<u>675,239</u>
Total Expenditures	<u>675,239</u>
Receipts Over [Under] Expenditures	[95,361]
Unencumbered Cash, Beginning	<u>655,869</u>
Unencumbered Cash, Ending	<u>\$ 560,508</u>

* This fund is not required to be budgeted.

CITY OF EUDORA, KANSAS
Special Park Fees Fund
Schedule of Receipts and Expenditures - Actual*
Regulatory Basis
For the Year Ended December 31, 2017

Receipts	
Impact fees	\$ 4,360
Taxes	8,355
Miscellaneous	<u>1,117</u>
Total Receipts	<u>13,832</u>
Expenditures	
Capital outlay	<u>6,094</u>
Total Expenditures	<u>6,094</u>
Receipts Over [Under] Expenditures	7,738
Unencumbered Cash, Beginning	<u>9,301</u>
Unencumbered Cash, Ending	<u>\$ 17,039</u>

* This fund is not required to be budgeted.

SCHEDULE 2-5

CITY OF EUDORA, KANSAS
Public Assistance Fund
Schedule of Receipts and Expenditures - Actual*
Regulatory Basis
For the Year Ended December 31, 2017

Receipts	
Miscellaneous	\$ <u> -</u>
Total Receipts	<u> -</u>
Expenditures	
Miscellaneous	<u> 194</u>
Total Expenditures	<u> 194</u>
Receipts Over [Under] Expenditures	[194]
Unencumbered Cash, Beginning	<u> 194</u>
Unencumbered Cash, Ending	<u>\$ <u> -</u></u>

* This fund is not required to be budgeted.

CITY OF EUDORA, KANSAS
 Hamlin Scholarship Fund
 Schedule of Receipts and Expenditures - Actual*
 Regulatory Basis
 For the Year Ended December 31, 2017

Receipts	
Donations	\$ <u>5</u>
Total Receipts	<u>5</u>
Expenditures	
Scholarships	<u>-</u>
Total Expenditures	<u>-</u>
Receipts Over [Under] Expenditures	5
Unencumbered Cash, Beginning	<u>1,150</u>
Unencumbered Cash, Ending	<u>\$ 1,155</u>

* This fund is not required to be budgeted.

SCHEDULE 2-7

CITY OF EUDORA, KANSAS
Equipment Reserve Fund
Schedule of Receipts and Expenditures - Actual*
Regulatory Basis
For the Year Ended December 31, 2017

Receipts	
Miscellaneous	<u>\$ 37,972</u>
Total Receipts	<u>37,972</u>
Expenditures	
Capital outlay	<u>3,899</u>
Total Expenditures	<u>3,899</u>
Receipts Over [Under] Expenditures	34,073
Unencumbered Cash, Beginning	<u>6,483</u>
Unencumbered Cash, Ending	<u>\$ 40,556</u>

* This fund is not required to be budgeted.

CITY OF EUDORA, KANSAS
 Energy Management Grant Fund
 Schedule of Receipts and Expenditures - Actual*
 Regulatory Basis
 For the Year Ended December 31, 2017

Receipts	
Intergovernmental	\$ <u> -</u>
Total Receipts	<u> -</u>
Expenditures	
Personnel	<u> -</u>
Total Expenditures	<u> -</u>
Receipts Over [Under] Expenditures	-
Unencumbered Cash, Beginning	<u> 207</u>
Unencumbered Cash, Ending	<u>\$ 207</u>

* This fund is not required to be budgeted.

SCHEDULE 2-9

CITY OF EUDORA, KANSAS
Efficiency Kansas Loan Program Fund
Schedule of Receipts and Expenditures - Actual*
Regulatory Basis
For the Year Ended December 31, 2017

Receipts	
Intergovernmental	\$ <u>85</u>
Total Receipts	<u>85</u>
Expenditures	
Loan payments	<u>-</u>
Total Expenditures	<u>-</u>
Receipts Over [Under] Expenditures	85
Unencumbered Cash, Beginning	<u>291</u>
Unencumbered Cash, Ending	<u>\$ 376</u>

* This fund is not required to be budgeted.

CITY OF EUDORA, KANSAS
 Bond and Interest Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2017

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Taxes	\$ 514,783	\$ 486,779	\$ 28,004
Total Receipts	<u>514,783</u>	<u>\$ 486,779</u>	<u>\$ 28,004</u>
Expenditures			
Debt service	<u>490,001</u>	<u>\$ 539,002</u>	<u>\$ 49,001</u>
Total Expenditures	<u>490,001</u>	<u>\$ 539,002</u>	<u>\$ 49,001</u>
Receipts Over [Under] Expenditures	24,782		
Unencumbered Cash, Beginning	<u>150,094</u>		
Unencumbered Cash, Ending	<u>\$ 174,876</u>		

See independent auditor's report on the financial statements.

SCHEDULE 2-11

CITY OF EUDORA, KANSAS
 Water Meter Project Fund
 Schedule of Receipts and Expenditures - Actual*
 Regulatory Basis
 For the Year Ended December 31, 2017

Receipts	
Interest	\$ <u>263</u>
Total Receipts	<u>263</u>
Expenditures	
Capital outlay	<u>269,386</u>
Total Expenditures	<u>269,386</u>
Receipts Over [Under] Expenditures	[269,123]
Unencumbered Cash, Beginning	<u>269,123</u>
Unencumbered Cash, Ending	<u>\$ -</u>

* This fund is not required to be budgeted.

CITY OF EUDORA, KANSAS
Water Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Charges to customers	\$ 1,090,622	\$ 1,186,185	\$ [95,563]
Licenses and permits	3,945	6,500	[2,555]
Impact fees	10,000	-	10,000
Use of money and property	93	300	[207]
Miscellaneous	<u>1,065</u>	<u>-</u>	<u>1,065</u>
Total Receipts	<u>1,105,725</u>	<u>\$ 1,192,985</u>	<u>\$ [87,260]</u>
Expenditures			
Personnel	371,043	\$ 379,706	\$ 8,663
Contractual services	288,723	254,828	[33,895]
Commodities	199,823	183,300	[16,523]
Capital outlay	130,018	292,715	162,697
Sales tax	6,370	-	[6,370]
Debt service	96,200	190,653	94,453
Transfers out	<u>-</u>	<u>70,277</u>	<u>70,277</u>
Total Expenditures	<u>1,092,177</u>	<u>\$ 1,371,479</u>	<u>\$ 279,302</u>
Receipts Over [Under] Expenditures	13,548		
Unencumbered Cash, Beginning	<u>214,357</u>		
Unencumbered Cash, Ending	<u>\$ 227,905</u>		

See independent auditor's report on the financial statements.

CITY OF EUDORA, KANSAS
Sewer Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Charges to customers	\$ 1,049,348	\$ 1,062,696	\$ [13,348]
Use of money and property	311	250	61
Impact fees	70,970	-	70,970
Miscellaneous	<u>49,459</u>	<u>-</u>	<u>49,459</u>
Total Receipts	<u>1,170,088</u>	<u>\$ 1,062,946</u>	<u>\$ 107,142</u>
Expenditures			
Personnel	323,779	\$ 337,427	\$ 13,648
Contractual services	199,816	143,259	[56,557]
Commodities	127,481	80,180	[47,301]
Capital outlay	153,265	500,875	347,610
Debt service	389,789	389,791	2
Transfers out	<u>104,759</u>	<u>110,459</u>	<u>5,700</u>
Total Expenditures	<u>1,298,889</u>	<u>\$ 1,561,991</u>	<u>\$ 263,102</u>
Receipts Over [Under] Expenditures	[128,801]		
Unencumbered Cash, Beginning	<u>722,786</u>		
Unencumbered Cash, Ending	<u>\$ 593,985</u>		

See independent auditor's report on the financial statements.

CITY OF EUDORA, KANSAS
Electric Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Charges to customers	\$ 4,987,730	\$ 5,119,323	\$ [131,593]
Licenses and permits	16,644	4,000	12,644
Use of money and property	9,240	2,000	7,240
Miscellaneous	<u>-</u>	<u>500</u>	<u>[500]</u>
Total Receipts	<u>5,013,614</u>	<u>\$ 5,125,823</u>	<u>\$ [112,209]</u>
Expenditures			
Personnel	586,514	\$ 658,444	\$ 71,930
Contractual services	3,539,601	3,733,495	193,894
Commodities	132,535	190,090	57,555
Capital outlay	219,201	1,759,398	1,540,197
Sales tax	134,163	-	[134,163]
Debt service	72,084	65,686	[6,398]
Transfers out	<u>704,762</u>	<u>682,484</u>	<u>[22,278]</u>
Total Expenditures	<u>5,388,860</u>	<u>\$ 7,089,597</u>	<u>\$ 1,700,737</u>
Receipts Over [Under] Expenditures	[375,246]		
Unencumbered Cash, Beginning	<u>2,132,399</u>		
Unencumbered Cash, Ending	<u>\$ 1,757,153</u>		

See independent auditor's report on the financial statements.

CITY OF EUDORA, KANSAS
 Refuse Utility Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2017

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Charges to customers	\$ 421,031	\$ 395,160	\$ 25,871
Total Receipts	<u>421,031</u>	<u>\$ 395,160</u>	<u>\$ 25,871</u>
Expenditures			
Contractual services	331,975	\$ 380,280	\$ 48,305
Commodities	-	12,500	12,500
Capital outlay	<u>-</u>	<u>108,762</u>	<u>108,762</u>
Total Expenditures	<u>331,975</u>	<u>\$ 501,542</u>	<u>\$ 169,567</u>
Receipts Over [Under] Expenditures	89,056		
Unencumbered Cash, Beginning	<u>149,155</u>		
Unencumbered Cash, Ending	<u>\$ 238,211</u>		

See independent auditor's report on the financial statements.

CITY OF EUDORA, KANSAS
Storm Drainage Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Charges to customers	\$ 69,538	\$ 65,000	\$ 4,538
Total Receipts	<u>69,538</u>	<u>\$ 65,000</u>	<u>\$ 4,538</u>
Expenditures			
Capital outlay	37,201	\$ 126,420	\$ 89,219
Commodities	7,281	5,100	[2,181]
Transfers out	<u>40,000</u>	<u>-</u>	<u>[40,000]</u>
Total Expenditures	<u>84,482</u>	<u>\$ 131,520</u>	<u>\$ 47,038</u>
Receipts Over [Under] Expenditures	[14,944]		
Unencumbered Cash, Beginning	<u>58,719</u>		
Unencumbered Cash, Ending	<u>\$ 43,775</u>		

See independent auditor's report on the financial statements.

SCHEDULE 3

CITY OF EUDORA, KANSAS
Summary of Receipts and Disbursements
Agency Funds
Regulatory Basis
For the Year Ended December 31, 2017

<u>FUNDS</u>	Beginning Cash <u>Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	Ending Cash <u>Balance</u>
Payroll clearing	\$ 13,888	\$ 1,384	\$ -	\$ 15,272
Municipal court bonds fund	<u>21,407</u>	<u>4,300</u>	<u>5,200</u>	<u>20,507</u>
Total Agency Funds	<u>\$ 35,295</u>	<u>\$ 5,684</u>	<u>\$ 5,200</u>	<u>\$ 35,779</u>

See independent auditor's report on the financial statements.